

# COMMITTEE REPORT

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## MADAM PRESIDENT:

**The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 88, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:**

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 pensions.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 5-10.2-2-11, AS AMENDED BY P.L.246-2005,
- 6 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2007]: Sec. 11. (a) Based on the actuarial investigation and
- 8 valuation in section 9 of this chapter, each board shall determine:
- 9 (1) the normal contribution for the employer, which is the amount
- 10 necessary to fund the pension portion of the retirement benefit;
- 11 (2) the rate of normal contribution;
- 12 (3) the unfunded accrued liability of the public employees'
- 13 retirement fund, the pre-1996 account, and the 1996 account,
- 14 which is the excess of total accrued liability over the fund's or
- 15 account's total assets, respectively; and
- 16 (4) the rates of contribution for the state expressed as a proportion
- 17 of compensation of members, which would be necessary to:
- 18 (A) amortize the unfunded accrued liability of the state for
- 19 thirty (30) years or for a shorter time period requested by the
- 20 budget agency or the governor; and

1 (B) prevent the state's unfunded accrued liability from  
2 increasing.

3 (b) Based on the information in subsection (a), each board may  
4 determine, in its sole discretion, contributions and contribution rates for  
5 individual employers or for a group of employers.

6 (c) The board's determinations under subsection (a):

7 (1) are subject to section 1.5 of this chapter; and

8 (2) **for an employer making a contribution to the Indiana state**  
9 **teachers' retirement fund, may not include an amount for a**  
10 **retired member of the Indiana state teachers' retirement fund**  
11 **for whom the employer may not make contributions during**  
12 **the member's period of reemployment as provided under**  
13 **IC 5-10.2-4-8(e).**

14 SECTION 2. IC 5-10.2-3-1, AS AMENDED BY P.L.2-2006,  
15 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16 JULY 1, 2007]: Sec. 1. (a) **Except as provided under**  
17 **IC 5-10.2-4-8(e)**, each member's creditable service, for the purpose of  
18 computing benefits under this article, consists of all service in a  
19 position covered by a retirement fund plus all other service for which  
20 the retirement fund law gives credit.

21 (b) No member may be required to pay any contributions for service  
22 before the member is covered by this article as a condition precedent  
23 to receiving benefits under this article. However, the member must  
24 furnish proof of the service to the board of the fund under which the  
25 member claims service.

26 (c) A member who has past service as an employee of the state or  
27 a participating political subdivision in a position which was not  
28 covered by the retirement fund is entitled to credit for this service if the  
29 position becomes covered before January 1, 1985, by the Indiana state  
30 teachers' retirement fund, the public employees' retirement fund, or the  
31 retirement fund for the state board of accounts and if the member  
32 submits proof of the service to the secretary of the fund in which the  
33 member claims service.

34 (d) A member who has past service in a position that was not  
35 covered by the retirement fund is entitled to credit for this service if the  
36 position becomes covered after December 31, 1984, by a fund while  
37 the member holds that position or another position with the same  
38 employer and if the member submits proof of the service to the director  
39 of the fund in which the member claims service.

40 (e) The proof required by this section must:

41 (1) be submitted in a form approved by the director;

42 (2) contain dates and nature of service and other information

required by the director; and

(3) be certified by the governing body or its agent.

(f) A member who is a state employee is entitled to service credit for the time the member is receiving disability benefits under a disability plan established under IC 5-10-8-7.

(g) If a participant in the legislators' defined benefit plan does not become entitled to a benefit from that plan, the PERF board or the TRF board shall include the participant's service in the general assembly in the determination of eligibility for, and computation of, benefits under PERF or TRF at the time the participant would be eligible to receive benefits under PERF or TRF. After benefits commence under PERF or TRF with the general assembly service included, the participant's general assembly service may not be used for the computation of benefits under IC 2-3.5-4.

(h) A member may receive service credit for all or a part of the member's creditable service in another governmental retirement plan under IC 5-10.3-7-4.5 and IC 5-10.4-4-4. A member may not receive credit for service for which the member receives service credit in another retirement plan maintained by a state, a political subdivision, or an instrumentality of the state for service that PERF or TRF would otherwise give credit.

(i) A member may use all or a part of the member's creditable service under PERF or TRF in another governmental retirement plan under the terms of the other plan. Creditable service used under the other governmental retirement plan may not be used in PERF or TRF.

SECTION 3. IC 5-10.2-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Subject to IC 5-10.2-2-1.5, as used in this section, "compensation" means:

(1) the basic salary earned by and paid to the member; plus

(2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code.

(b) Except in cases where:

(1) the contribution is made on behalf of the member; or

**(2) a retired member of the Indiana state teachers' retirement fund may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);**

each member shall, as a condition of employment, contribute to the fund three percent (3%) of his compensation.

(c) **Except as provided under IC 5-10.2-4-8(e)**, a member of a fund may make contributions to the member's annuity savings account

in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection (d).

(d) In compliance with rules adopted by each board, an employer, under Section 414(h)(2) of the Internal Revenue Code, may pick-up and pay the contributions under subsection (c), subject to approval of the board and to the board's receipt of a favorable private letter ruling from the Internal Revenue Service. The employer shall reduce the member's compensation by an amount equal to the amount of the member's contributions under subsection (c) that are picked-up by the employer. Each board shall by rule establish the procedural requirements for employers to carry out the pick-up in compliance with Section 414(h)(2) of the Internal Revenue Code.

(e) A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision.

SECTION 4. IC 5-10.2-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. **(a) This section does not apply to a member of the Indiana state teachers' retirement fund who, after June 30, 2007, is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.**

~~(a)~~ **(b)** Members' contributions, other than members' contributions paid on behalf of a member, shall be deducted from their compensation even if the net compensation to the member is less than the statutory minimum.

~~(b)~~ **(c)** The payment of a member's compensation minus the deduction constitutes a complete discharge of all claims for services rendered by the member during the period covered by the payment, except the claim for benefits under this article.

SECTION 5. IC 5-10.2-4-8, AS AMENDED BY P.L.62-2005, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8.(a) As used in this section, "exempt amount" means, in the case of a member who has not attained the Social Security normal retirement age for unreduced benefits, thirty-five thousand dollars (\$35,000), computed for the calendar year in which a retired public employees' retirement fund member is reemployed and computed for the fiscal year in which a retired teachers' retirement fund member is reemployed.

(b) This subsection does not apply to a member who is employed by

the department of education **or after June 30, 2007, to a member of the Indiana state teachers' retirement fund who is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.** If a member who is receiving retirement benefits and who has not attained the Social Security normal retirement age for unreduced benefits:

(1) becomes reemployed in a position covered by this article; and

(2) earns in that position more than the exempt amount;

his retirement benefit payments shall stop, and the member shall begin making contributions as required in IC 5-10.2-3-2. However, employer contributions shall be made throughout the period of reemployment. The earnings limitation under this subsection does not apply to a member who has attained the Social Security normal retirement age for unreduced benefits.

(c) If a member who is receiving retirement benefits is reemployed in a position covered by this article not more than ninety (90) days after the member's retirement, the member's retirement benefits shall stop, the member shall begin making contributions as required by IC 5-10.2-3-2, and employer contributions shall be made throughout the period of reemployment.

(d) **This subsection does not apply after June 30, 2007, to a member of the Indiana state teachers' retirement fund who is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.** If a retired member is reemployed in a position covered by this article, section 10 of this chapter applies to the member upon the member's retirement from reemployment.

(e) **The following apply to a member of the Indiana state teachers' retirement fund who, after June 30, 2007, is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund:**

(1) **The member's retirement benefit payments continue during the member's period of reemployment without regard to the amount of the member's earnings from the covered position.**

(2) **The member may not make contributions under IC 5-10.2-3-2 or IC 5-10.4-4-11 during the member's period of reemployment.**

(3) **The member's employer may not make contributions under IC 5-10.2-2-11 or IC 5-10.4-4-11 for or on behalf of the member during the member's period of reemployment.**

**(4) The member does not earn creditable service under IC 5-10.2-3-1 for the member's period of reemployment.**

**(5) The member is not entitled to an additional benefit under sections 9 and 10 of this chapter for the member's period of reemployment.**

SECTION 6. IC 5-10.2-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. **(a) This section does not apply after June 30, 2007, to a member of the Indiana state teachers' retirement fund who is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.**

**(b)** If a member dies during reemployment and retirement benefits from before his reemployment are payable after his death, the payment of these amounts shall be made without change, and any additional benefit earned during reemployment shall be paid as provided in section 10 of this chapter.

SECTION 7. IC 5-10.2-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. **(a) This section does not apply after June 30, 2007, to a member of the Indiana state teachers' retirement fund who is reemployed more than ninety (90) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.**

~~(a)~~ **(b)** Benefits provided under this section are subject to IC 5-10.2-2-1.5.

~~(b)~~ **(c)** Upon termination of reemployment, except by death, the retirement benefits from before the member's reemployment which are payable after termination shall be paid without change.

~~(c)~~ **(d)** If the member is reemployed for fewer than ninety (90) consecutive school or working days, upon termination of reemployment, contributions and interest credited to the member's annuity savings account shall be paid to the member.

~~(d)~~ **(e)** If the member is reemployed for ninety (90) or more consecutive school or working days, upon termination of reemployment, the member shall receive an additional benefit.

~~(e)~~ **(f)** The additional retirement benefit consists of the sum of a supplemental pension and a supplemental annuity. The supplemental pension is computed under section 4 of this chapter using the member's:

- (1) years of service during the member's reemployment; and
- (2) average compensation during the member's reemployment, if the member is reemployed for less than five (5) years, or average of the annual compensation (as defined in section 3 of this

1 chapter) during the member's reemployment.

2 If the member is entitled to a supplemental annuity, it consists of an  
3 annuity provided by contributions and interest credited to the member  
4 during reemployment, if any.

5 ~~(f)~~ (g) The additional retirement benefits are guaranteed for five (5)  
6 years or until the member's death, whichever is later. The member may  
7 choose instead of the guaranteed payments any of the options under  
8 section 7 of this chapter for the payment of the member's additional  
9 retirement benefits.

10 ~~(g)~~ (h) IC 5-10.2-2-7 applies to additional retirement benefits.

11 SECTION 8. IC 5-10.4-4-11, AS ADDED BY P.L.2-2006,  
12 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JULY 1, 2007]: Sec. 11. (a) **This section does not apply after June**  
14 **30, 2007, to a member who is reemployed more than ninety (90)**  
15 **days after the member's retirement in a position covered by the**  
16 **fund.**

17 ~~(a)~~ (b) Each member shall contribute to the fund three percent (3%)  
18 of the member's compensation as set forth in IC 5-10.2-3. However, the  
19 member's employer may pay the contribution on behalf of the member.

20 ~~(b)~~ (c) If a member's employer elects to pay the members'  
21 contributions for its employees, the employer must initiate the  
22 payments as part of salary and fringe benefit adjustments provided to  
23 these employees.

24 SECTION 9. IC 5-10.4-5-13, AS ADDED BY P.L.2-2006,  
25 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JULY 1, 2007]: Sec. 13. (a) IC 5-10.2-4-8, IC 5-10.2-4-9, and  
27 IC 5-10.2-4-10 apply to the reemployment of a retired member.

28 (b) **This subsection does not apply after June 30, 2007, to a**  
29 **member who is reemployed more than ninety (90) days after the**  
30 **member's retirement in a position covered by the fund.** For a retired  
31 member who withdraws from retirement status, resumes teaching, and  
32 again retires, the board shall pay the member, after the member's  
33 second or subsequent retirement, a monthly retirement benefit at least  
34 equal to the highest amount the retired member has received as a  
35 retirement benefit.

36 SECTION 10. IC 5-10.4-7-1, AS ADDED BY P.L.2-2006,  
37 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38 JULY 1, 2007]: Sec. 1. (a) The administrative officers of a school  
39 corporation or other institution covered by the fund shall:

40 (1) notify each person to be employed in a teaching position that  
41 the person's obligations under this article are a condition of  
42 employment; and

(2) make the obligations a part of the teacher's contract.

(b) Except in cases where:

(1) the contribution is made on behalf of the member; **or**

**(2) a retired member of the Indiana state teachers' retirement fund may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);**

a teacher's contract shall be construed to require the deduction of contributions to meet the teachers' contractual obligations to the fund and the state.

SECTION 11. IC 5-10.4-7-3, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Unless the member's contribution is made on behalf of the member **or the member is a retired member who may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e)**, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall:

(1) deduct from each member's salary the member's contribution for the fund; and

(2) issue to each member, on behalf of the board, a statement for each contribution deducted.

(b) The statement described in subsection (a)(2) is evidence that the member has credit from the fund for payment of the stated contribution.

SECTION 12. IC 5-10.4-7-7, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) Not later than January 15, April 15, July 15, and October 15 of each year, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by the fund shall make a report to the board on a form furnished by the board and within the time set by the board. Amendatory reports to correct errors or omissions may be required and made.

(b) The report required by subsection (a) must include:

(1) the name of each member employed in the preceding reporting period, except substitute teachers;

(2) the total salary and other compensation paid for personal services to each member in the reporting period;

(3) the sum of contributions made for or by each member, **except for a retired member who may not make contributions during a period of reemployment as provided under IC 5-10.2-4-8(e);**

(4) the sum of employer contributions made by the school corporation or other institution, **except for a retired member for**



1           **whom or on whose behalf an employer may not make**  
 2           **contributions during a period of reemployment as provided**  
 3           **under IC 5-10.2-4-8(e);**  
 4           (5) the number of days each member received salary or other  
 5           compensation for teaching services; and  
 6           (6) any other information that the board determines necessary for  
 7           the effective management of the fund.  
 8           (c) As often as the board determines necessary, the board may  
 9           review or cause to be reviewed the pertinent records of any public  
 10          entity contributing to the fund under this article.  
             (Reference is to SB 88 as printed January 30, 2007.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 8, Nays 0.

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**Senator Kruse, Chairperson**